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RUEHLO/AMEMBASSY LONDON 1613
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C O N F I D E N T I A L SECTION 01 OF 02 DHAKA 000152

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SUBJECT: AMBASSADOR MEETS ADVISORS FOR SHIPPING AND ENERGY

Classified By: Ambassador Patricia A. Butenis; reason 1.4(d)

11. (C) Summary: During separate courtesy calls by the Ambassador, Advisors Matin and Chowdhury both acknowledged the need to involve the political parties in discussions on election preparations and to hold free and fair elections promptly. The Ambassador reinforced U.S. support for elections as early as possible and offered U.S. assistance. End Summary.

12. (SBU) In separate January 25 meetings, Ambassador Butenis and econ chief (note taker) called on Advisor Major General M.A. Matin (Retired) (Communications; Shipping; Civil Aviation & Tourism; and Liberation War Affairs) and Advisor Tappan Chowdhury (Power, Energy & Mineral Resources; Food & Disaster Management; Science and Information & Communications Technology; and Youth and Sports). AFM Aminul Islam, a Communications Ministry official and staff assistant to the advisor, sat in on the meeting with Matin. (Note: the Communications Ministry is responsible for railroads and highway infrastructure. End Note.) Advisor Chowdhury met alone with the Ambassador.

13. (C) The Ambassador emphasized to both advisors that the U.S. supports elections as soon as possible. We believe the government's main job should be to prepare for and hold free and fair elections, she said. The Ambassador offered U.S. support. She encouraged the Caretaker Government to engage now with the parties to agree on a process for moving forward. The Ambassador acknowledged the patriotism of both past and present advisors for agreeing to serve in the Caretaker Government, and expressed interest in working on bilateral issues during the interim government's term.

Advisors Also Stress Importance of Early Elections

14. (C) Both Matin and Chowdhury referred to the interim nature of the government and stressed its primary mandate is to prepare for and hold elections as soon as possible. Neither would commit to a specific time frame, but spoke in the context of six to eight months as a reasonable target. Both took issue with suggestions by some that the interim government should remain in office for up to two years. Chowdhury said he expressly challenged calls from business and policy leaders for a two-year interim government during a recent reception hosted by local policy think-tank Center for Policy Dialogue. "We all need to come out as fast as possible ... The CA (Chief Advisor) agrees," added Chowdhury.

15. (C) Matin and Chowdhury agreed with the Ambassador that the Caretaker Government needs to involve the political parties now in election preparation discussions. Otherwise, Matin predicted, the parties would begin to unite within 90 days against the government. Matin suggested the Caretaker Government should develop a list of options and costs (in time and money) to present to the parties as a basis for an agreement. He said he was already in communication with Bangladesh Nationalist Party Chairperson Khaleda Zia and Awami League President Sheikh Hasina.

16. (C) Chowdhury said the Caretaker Government had dropped proposals for a national identity card as too expensive and too time consuming, but was still considering voter identity card proposals, which could be implemented much more quickly. He agreed with the Ambassador's message to the parties that they could no longer continue "business as usual" and must change internally, adding that they are not internally democratic and "don't understand democracy."

Matin Focused on Corruption; Anti-Corruption Commission

17. (C) Matin, who served as the director general of the Bureau of Anti-Corruption from 2002 until its dissolution in 2005, when the Anti-Corruption Commission was formed, focused on the issue of corruption, which he described as "one of the biggest challenges." Matin said the Chief Advisor has formed a committee chaired by the Law Advisor to focus on structural and legal changes needed to make the Anti-Corruption Commission effective. Matin, who is a member of the working group, said the prior government "did not have the proper intention" when it established the Anti-Corruption

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Commission. Implementing legislation weakened the government's ability to combat corruption by removing many previous offenses, he contended, while accusing current officials of the Anti-Corruption Commission of paying substantial bribes to obtain their positions. He said the Anti-Corruption Commission needs to be reconstituted, new personnel hired, and the laws rewritten to make the Anti-Corruption Commission effective.

18. (C) As for the activities of his ministries, Matin seemed focused on day-to-day issues. Asked about Chittagong Port, Matin said he met with the port authority on January 24 and asked for their recommendations. He acknowledged opposition from the Mayor of Chittagong to pending proposals to privatize some management functions at the port and Chittagong Airport, but did not express any urgency in moving forward. Similarly, he noted the financial difficulties facing Biman Airline (the national carrier) and identified several underlying causes but did not suggest any coordinated, high-level effort was underway to address these issues. Referring to proposals to privatize the airline, he said he doubted the Caretaker Government could take on that task.

Power and Gas are Chowdhury's Priorities

19. (C) Advisor Chowdhury said he is focused on immediate problems in the gas and power sectors. (A recent drop in natural gas production has exacerbated chronic power generation problems in a sector already suffering a chronic lack of generating capacity.) Noting the earlier political unrest had delayed completion of Chevron's production facilities at its new Bibiyana field, he said the government was doing all it could to assist Chevron, and he hopes the field will come on line in early March. (Note: Chevron later confirmed this target to econ chief. End Note.)

110. (C) Chowdhury acknowledged chronic power generation capacity issues could not be quickly resolved. The government can make a start, however, by concluding several

pending deals that could bring new plants on-line in 18-24 months. In the meantime, he wants to develop a coordinated plan for addressing "system leakage." Chowdhury said he was astounded to learn how many large industries had payment arrearages for gas and power going back several years, but had obtained court orders barring the state-owned companies from cutting supply or collecting the past-due accounts. Chowdhury said ministry officials were afraid to even share the information with him, and did so reluctantly only after he assured them they could do so unofficially. The Ambassador suggested Chowdhury consider an amnesty program.

¶11. (C) Chowdhury does not think the Caretaker Government will revisit the Tata deal because the government will not have time to address the complex issues involved, especially concerning gas pricing. Asked about the fate of Asia Energy's (recently renamed Global Coal Management) coal project in Phulbari, Chowdhury thought the company would in time receive the approvals it needs to proceed to production, but he blamed the company for failing to build community support, saying they must first rebuild trust by dealing with community leaders.
BUTENIS